

Message Text

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ORIGIN TRSE-00

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NSC-05 STR-04 CIAE-00 INR-07 NSAE-00 L-03 OMB-01 H-01
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DRAFTED BY TREASURY:PSUCHMAN:RN

APPROVED BY EUR:JAARMITAGE

EUR/EE:CWSCHMIDT

COMMERCE/BEWT:SLOTARSKI (INFO)

EB/ITP/STA:JSPIRO (SUBSTANCE)

-----170400Z 072144 /61

P 170213Z PEB 77

FM SECSTATE WASHDC

TO AMEMBASSY WARSAW PRIORITY

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E.O. 11652:N/A

TAGS:ETRD, PL

SUBJECT:ANTIDUMPING ACTION RE POLISH GOLF CARTS

REF: STATE 031685

1. FOLLOWING IS TEXT OF LETTER DATED FEBRUARY 16, 1977, TO
AMBASSADOR DAVIES FROM TREASURY DEPUTY ASSISTANT SECRETARY
(TARIFF AFFAIRS) PETER O. SUCHMAN OUTLINING TREASURY/CUSTOMS
ANALYSIS OF ANTIDUMPING DUTIES DUE AND STATUS OF GOLF CART
CASE. SEPTELS WILL TRANSMIT TEXT OF DETAILED TREASURY
MEMORANDUM AND TABLE WHICH ARE ENCLOSURES TO SUCHMAN LETTER.
(ORIGINAL OF LETTER WILL BE POUCHED.)

2. WE ASSUME THAT EMBASSY'S FILES CONTAIN COPY OF SUCHMAN
LETTER TO DEPUTY MINISTER STRZELECKI OF SEPTEMBER 5, 1975,
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WHICH IS REFERRED TO IN SUCHMAN'S LETTER.

3. AMBASSADOR IS REQUESTED TO CONVEY TREASURY'S ANALYSIS TO
APPROPRIATE HIGH-LEVEL GOP OFFICIALS, MAKING POINTS
OUTLINED IN REFTEL. THE TREASURY MEMORANDUM ENCLOSED WITH
SUCHMAN'S LETTER SHOULD BE GIVEN TO THE GOP. IF YOU

FIND IT USEFUL, YOU MAY ALSO GIVE POLES COPY OF SUCHMAN'S LETTER. THE TABLE IS INTENDED FOR EMBASSY'S BACKGROUND USE ONLY.

SINCE SOME OF THE FIGURES CONTAINED IN IT ARE SUBJECT TO CHANGE BEFORE CUSTOMS COMPLETES NORMAL ASSESSMENT PROCESS, WE PREFER THAT IT NOT BE HANDED OVER TO GOP.

4. YOU ARE REQUESTED TO INFORM GOP THAT WE WOULD EXPECT IN VERY NEAR FUTURE THAT CUSTOMS WILL PROCEED WITH ITS NORMAL ASSESSMENT PROCESS. BEGIN FYI. HOWEVER, TREASURY WOULD AGREE TO AN ADDITIONAL SHORT DELAY PENDING A FURTHER REPRESENTATION BY GOP, SHOULD IT CHOOSE TO DO SO. END FYI.

5. BEGIN TEXT. DEAR MR. AMBASSADOR: FOLLOWING OUR RECENT CONVERSATIONS IN WASHINGTON, WE HAVE UNDERTAKEN AND COMPLETED AN ANALYSIS OF SALES AND PRICE INFORMATION IN CONNECTION WITH IMPORTS OF POLISH GOLF CARTS FOR THE YEARS 1975 AND 1976. THAT ANALYSIS IS SET FORTH IN THE ATTACHED MEMORANDUM AND SUMMARIZED IN THIS LETTER. PLEASE NOTE THAT THESE PRICES ARE BASED ON A REVIEW OF PRE-DOMINANT PRICING AND TERMS, WHICH VARY CONSIDERABLY DURING THIS PERIOD, AND THAT THEREFORE THERE WILL BE SOME ADJUSTMENT IN THE FINAL DUMPING DUTIES TO BE ASSESSED.

6. DURING 1975 THERE WERE SOME 7,000 POLISH GOLF CARTS IMPORTED INTO THE U.S. DUMPING MARGINS RANGED FROM ABOUT \$40 TO ABOUT \$155 PER CART AND THE AVERAGE WAS LIMITED OFFICIAL USE

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APPROXIMATELY \$100 PER CART. TOTAL DUMPING DUTIES FOR 1975 WILL THEREFORE BE IN EXCESS OF \$700,000. DURING THIS PERIOD THE FAIR VALUE, CALCULATED ON ADJUSTED MARATHON GOLF CART PRICES, RANGED FROM \$650 TO \$720. THIS PRICE VARIES DUE TO THE REQUIREMENT OF ADJUSTING FOR THE INFLATION FACTOR. I WOULD POINT OUT THAT IN MY SEPTEMBER 5, 1975 LETTER (ENCLOSED) TO MR. STRZELECKI AN ESTIMATED FAIR VALUE OF \$725 WAS PROVIDED TO THE POLISH GOVERNMENT. NONE OF THE CALCULATIONS FOR 1975 WAS BASED ON A FAIR VALUE WHICH EXCEEDED THIS PRICE.

7. THE ANALYSIS INDICATES CONSIDERABLY HIGHER DUMPING DUTIES FOR THE FIRST THREE QUARTERS OF 1976. FOR THE PERIOD JANUARY THROUGH SEPTEMBER DUTIES WILL AVERAGE ABOUT \$310 PER CART WITH TOTAL DUTIES EQUALING APPROXIMATELY \$1.5 MILLION. DURING THE LAST QUARTER OF 1976 IT APPEARS THAT NO DUTIES WILL BE ASSESSED. THESE CALCULATIONS ARE BASED UPON THE USE OF THE DATA OBTAINED

BY CUSTOMS ON THE SALE PRICE OF UTILITY VEHICLES FOR THE
EARLY PART OF 1976. FOR THE LATTER QUARTER THE PRICING
INFORMATION USED WAS SUPPLIED THROUGH THE POLISH EMBASSY
IN WASHINGTON. IT IS OUR CONCLUSION THAT WE MUST USE

THE PRICES OBTAINED BY CUSTOMS WHICH RESULT IN A FAIR
VALUE OF OVER \$960 PER UNIT FOR THE PERIOD UP TO THE
TIME OF THE SALE OF THE 30 UTILITY VEHICLES TO RMS IN
SEPTEMBER AT A FAIR VALUE OF ABOUT \$643. WHILE DUMPING
MARGINS DURING THE FIRST THREE QUARTERS ARE LARGE, THE
FOREIGN MARKET VALUE BASED ON THE APPLICABLE CANADIAN
ELECTRIC UTILITY VEHICLE PRICE IS THE ONLY ALTERNATIVE
DURING THIS PERIOD TO USING THE SELLING PRICE OF AMERI-
CAN MANUFACTURERS WHICH WOULD, WE ESTIMATE, RESULT IN A
\$200-\$400 ADDITIONAL DUMPING DUTY PER UNIT.

8. I WISH TO CALL YOUR ATTENTION TO THE DISCUSSION IN
THE ENCLOSED MEMO OF THE SERIES OF "CONTRACTS" SUBMITTED
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BY THE POLES AND ALLEGEDLY NEGOTIATED AND SIGNED SOME-
TIME BETWEEN LATE 1975 AND MAY OF 1976. AS THE ATTACHED
MEMORANDUM INDICATES, GIVEN THE LARGE DUMPING MARGINS
FOUND TO EXIST DURING THE PERIOD IN WHICH THESE AGRE-
MENTS WERE REACHED, CONSIDERING THEM TO BE VALID CON-
TRACTS WOULD HAVE CLEARLY WORKED TO THE DISADVANTAGE OF
THE POLES. THEREFORE, SINCE THEIR VALIDITY WAS QUES-
TIONABLE (WE WERE UNABLE TO ASCERTAIN WHEN PRECISELY
THEY WERE ENTERED INTO), WE HAVE DISREGARDED THEM. I
INFORMED AMBASSADOR TRAMPCZYNSKI DURING OUR MEETING OF
FEBRUARY 7 THAT IN THE FUTURE, TO AVOID ANY QUESTION
REGARDING THE VALIDITY OF CONTRACTS. THEY SHOULD BE
CLEAR IN ALL SPECIFICS, INCLUDING THE DATE OF AGREEMENT,
AND THAT THEY BE IMMEDIATELY SUBMITTED TO TREASURY. I
FURTHER INDICATED TO THE AMBASSADOR THAT ASSESSMENTS
FROM JANUARY 1, 1977 WOULD HAVE TO BE MADE ON CURRENT
PRICES OF UTILITY VEHICLES IN CANADA, OR IF THERE IS
NONE, ON U.S. MANUFACTURERS' PRICES. IF VALID CONTRACTS
ARE ENTERED INTO WHILE SALES OF THE CANADIAN PRODUCT ARE
OCCURRING, THE FAIR VALUE WOULD BE BASED ON THOSE SALES
FOR THE ENTIRE PERIOD OF THE CONTRACTS. SINCERELY,
PETER O. SUCHMAN, DEPUTY ASSISTANT SECRETARY (TARRIF
AFFAIRS) END TEXT.

9. DECLASSIFY UPON RECEIPT.
HARTMAN

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NNN

*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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